GOVERNMENT OF INDIA
PLANNING
LOK SABHA

UNSTARRED QUESTION NO:1750
ANSWERED ON:28.11.2007
EXTERNAL BORROWING FOR INFRASTRUCTURE
Singh Shri Sugrib

Will the Minister of PLANNING be pleased to state:

(a) whether the Government has made any assessment for External Commercial Borrowings (ECB) to finance infrastructure project in the Eleventh Plan period;

(b) if so, the details thereof;

(c) whether the Government has made any arrangements to finance infrastructure projects in the country;

(d) if so, the details thereof; and

(e) the steps taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF PLANNING(SHRI M. V. RAJASEKHARAN)

(a) & (b) : The Eleventh Five Year Plan is under formulation. The estimates in this regard have not yet been finalized.

(c) to (e) : The Government has initiated two schemes, viz., Viability Gap Funding (VGF) and Financing through India Infrastructure Finance Company Limited (IIFCL).

VGF aims at supporting infrastructure projects that are economically justified but fall short of financial viability. Through the provisions of 20% grant assistance several projects may become bankable and help mobilize the much needed private capital and efficiencies.

IIFCL addresses the need for providing long term debt for infrastructure projects that typically involve long gestation periods. IIFCL provides debt finance for such projects of a sufficient tenure that enables cost recovery across the project life.